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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the matter of Application of Kerman
Telephone Co. (U 1012 C), d/b/a Sebastian,
to Review Intrastate Rates and Charges and
Rate of Return For Telephone Service Furnished
within the State of California, and to Modify
Selected Rates.

A. 11-12-011
(Filed December 28, 2011)

**NOTICE OF EX PARTE COMMUNICATION
OF KERMAN TELEPHONE CO. (U 1012 C)**

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May 26, 2016

NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.3 and 8.4 of the Commission's Rules of Practice and Procedure, Kerman Telephone Co. (U 1012 C) ("Kerman") hereby provides notice of the following *ex parte* communications, each of which was related to the Revised Proposed Decision in this proceeding.

On May 23, 2016, counsel for Kerman, Patrick M. Rosvall had a telephone call with Advisor to Commissioner Florio, Jessica Hecht, to discuss the Revised Proposed Decision issued in this proceeding on May 20, 2016. The conversation started at approximately 4:00 p.m. and lasted for approximately fifteen minutes. No written materials were exchanged in connection with the call.

During the conversation, Mr. Rosvall advised Ms. Hecht that the Revised Proposed Decision contains numerous computational errors, some of which hurt Kerman, and some of which help Kerman. Mr. Rosvall expressed concern that the Commissioners would view the overall outcomes in the Revised Proposed Decision as a reason to conclude that the issues with the original Proposed Decision, which Kerman had raised during briefing and the oral argument, had been addressed. Mr. Rosvall explained that when the computational errors are considered, the resulting outcome would make clear that these issues were not addressed. Mr. Rosvall asked for a hold on the item and for some further consideration of the overall reasonableness of the proposal offered in the Revised Proposed Decision.

On May 24, 2016, Mr. Rosvall had a follow up telephone call with Ms. Hecht, to further discuss the Revised Proposed Decision issued in this proceeding on May 20, 2016. The conversation started at approximately 12:50 p.m. and lasted for approximately thirty minutes. No written materials were exchanged in connection with the call. Mr. Rosvall explained that the overall revenue requirement and California High Cost Fund A ("CHCF-A") figures contain profound computational errors, and when those errors are corrected, the revenue requirement and CHCF-A draws are far lower than they appear, making the

outcome proposed in the Revised Proposed Decision unreasonable for Kerman and its ratepayers. Mr. Rosvall noted that there are approximately \$1.2 million in computational errors that cut in favor of Kerman, and approximately \$600,000 of known errors that cut against Kerman. Mr. Rosvall walked Ms. Hecht through the Appendix that Kerman supplied to the Administrative Law Judge, reflecting the errors in the initial Proposed Decision, describing each error, and identified necessary changes. Mr. Rosvall reiterated the necessity of a hold. Mr. Rosvall noted that even fixing the computational errors does not get Kerman to a reasonable result, but the Revised Proposed Decision should be internally consistent and accurate, so that the true effect of its proposals would be known.

On May 24, 2016, counsel for Kerman, Patrick M. Rosvall had another telephone call with Ms. Hecht, to further discuss the Revised Proposed Decision issued in this proceeding on May 20, 2016. The conversation started at approximately 4:00 p.m. and lasted for approximately fifteen minutes. No written materials were exchanged in connection with that call. Mr. Rosvall explained that Kerman attempted to talk to Staff, and that it was a short conversation in which Staff declined to walk through each of the changes, but offered to talk with David Clark at a later time if they have questions. I noted the difficulty of responding to questions posed by the Administrative Law Judge that were at the end of the work day—a time when Kerman is attending to its other responsibilities. Mr. Rosvall again asked Ms. Hecht for a hold and suggested that the Parties need to meet to discuss the computation errors, in order to ensure the accuracy of the Commission's ultimate decision.

On May 23, 2016, Mr. Rosvall had a telephone call with Advisor to Commissioner Sandoval, Bill Johnston, to discuss the Revised Proposed Decision. The conversation started at approximately 11:00 a.m. and lasted for approximately ten minutes. No written materials were exchanged in connection with the call.

During the conversation, Mr. Rosvall described the overall impact of the Revised Proposed Decision. Mr. Rosvall advised Mr. Johnston that the Revised Proposed Decision

contains numerous computational errors, some of which hurt Kerman, and some of which help Kerman. Mr. Rosvall expressed concern that the Commissioners would view the overall outcomes in the Revised Proposed Decision as a reason to conclude that the issues, which Kerman had raised during briefing and the oral argument, had been addressed. Mr. Rosvall explained that when the computational errors are considered, the resulting outcome would make clear that these issues had not been addressed. Mr. Rosvall asked for a hold on the item and for some further consideration of the overall reasonableness of the proposal being offered in the Revised Proposed Decision.

This notice has been provided to the service list for A.11-12-011, as stated in the Certificate of Service attached hereto. Please direct any questions regarding this notice to prosvall@cwclaw.com.

Dated this May 24, 2016, at San Francisco, California.

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By:

/s/ Patrick M. Rosvall

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